

Item Title: Public Hearing and Consideration of Business Development Grant Agreement for Xerox Corporation

Specific Action Requested:

That the Board of Commissioners holds a public hearing and approves a Business Development Grant Agreement with Xerox Corporation, subject to the terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: Pursuant to State law, counties are authorized to expend funds for purposes of locating industrial and commercial facilities in the County.

Background: On August 13, 2019, Xerox Corporation announced it will establish a Center of Excellence in Wake County and create 600 new jobs with an average salary of \$112,818 by the end of 2024 and an estimated \$18.4 million in new investment. Xerox is an American global corporation that sells print and digital document products and services in more than 160 countries. Headquartered in Norwalk, Connecticut, the company is consistently placed on the Fortune 500 list. Xerox has over 35,000 employees globally and \$10.88 billion in revenue. Due to market demand, customer proximity and access to talent pool, the company is creating a new Research and Development and Information Technology center.

Partners in this grant agreement:

- NC Department of Commerce JDIG program
- Wake County Economic Development
- Town of Cary
- North Carolina Community College System
- Capital Area Workforce Development Board

Board Goal: This action supports Objective ES1: Support Wake County Economic Development's efforts to bring targeted jobs and businesses to Wake County.

Fiscal Impact: The County agrees to an economic development grant of 35% of new tax growth over 5 years totaling an estimated \$232,060. The first annual reimbursement is expected to be requested in FY 2023. Funds would be generated from property tax base growth, and the incentive would be budgeted and paid back to Xerox Corporation through the Economic Development element within the County Capital Fund.

Additional Information:

On April 1, 2019, the Wake County Board of Commissioners met in closed session and authorized the County Manager to negotiate a business development grant agreement for the project.

Xerox Corporation qualifies for a grant consistent with the “State Match” tier of the Wake County Business Development Grant Policy. In order to receive grant payment from the County, in each Grant Year, Xerox Corporation must meet performance criteria as outlined in the County’s agreement. These performance criteria include:

1. Completed New investment (> \$5 million)
2. New job creation (at least 25 new jobs with average wages of 100% of Wake County’s average wage)
3. Payment in full of Wake County property taxes for all previous and current years in which taxes are owed
4. Qualification for JDIG payment

Based on the draft contract, Xerox Corporation would receive their first grant payment upon submittal of appropriate documentation to the Wake County Tax Administrator. The first payments would likely be for tax year 2022 when the new investment exceeds \$18.4 million and all other terms of the agreement are met. The following chart is for illustration purposes only. The actual business development grant annual amount will be based on new annual assessed valuations as determined by the Wake County Tax Administrator. The draft contract with Xerox Corporation is developed similar to prior Business Development Grant Agreements that provide a grant for projects in the State Match tier.

<u>Tax Year</u>	TOTAL NEW ASSESSED VALUE <i>(Estimate)</i>	WAKE COUNTY TAX <i>0.007207 (May change)</i>	INCENTIVE PERCENTAGE	GRANT AMOUNT <i>(Estimate)</i>
-				
1	\$ 18,400,000	\$ 132,608	35%	\$ 46,412
2	\$ 18,400,000	\$ 132,608	35%	\$ 46,412
3	\$ 18,400,000	\$ 132,608	35%	\$ 46,412
4	\$ 18,400,000	\$ 132,608	35%	\$ 46,412
5	\$ 18,400,000	\$ 132,608	35%	\$ 46,412
Total		\$ 663,040		\$ 232,060

Xerox Corporation was awarded a \$12.3 million grant from the State of North Carolina and an incentive from the municipality in which the company locates.

Attachments:

1. Presentation
2. Wake County/Xerox Corporation Business Development Grant Agreement
3. Wake County Business Development Grant Policy (Amended October 1, 2018)